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**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Advisory Branch**

**RESOLUTION NO. W-4280  
October 25, 2001**

**RESOLUTION**

**(RES. W-4280), CALIFORNIA-AMERICAN WATER COMPANY  
(CAL-AM), LOS ANGELES DIVISION. ORDER AUTHORIZING  
AN OFFSET INCREASE IN RATES PRODUCING AN OVERALL  
INCREASE OF \$360,188 OR 2.14% IN ADDITIONAL REVENUE.**

**SUMMARY**

By Advice Letter 553, filed May 29, 2001, Cal-Am's Los Angeles Division is requesting an increase in annual revenue of \$360,188 or 2.14% to offset the expense of purchased power rate increases by Southern California Edison Company (SCE). The increase will not result in a rate of return greater than that last authorized for Cal-Am.

**BACKGROUND**

Cal-Am requests authority under Section IV of General Order 96-A and Section 454 of the Public Utilities Code to offset increases in the expense of purchased power it purchases from SCE, which increased rates effective on June 1, 2001.

Cal-Am serves approximately 27,484 customers in Baldwin Hills Service Area consisting of Baldwin Hills, Windsor Hills, View Park, Ladera Heights, and vicinity, Duarte Service Area consisting of Bradbury, Duarte, portions of Irwindale, Monrovia, and vicinity, and San Marino Service Area consisting of San Marino, Rosemead, portions of San Gabriel, Temple City, and vicinity, Los Angeles County. The present rates became effective March 20, 2001, by Decision (D.) 01-03-012. The last general increase in rates was authorized by D.01-03-012, which authorized a rate of return on rate base of 8.89%. Cal-Am's summary of earnings ending March 31, 2001, shows that this district is not earning more than the company's last authorized rate of return on a pro-forma basis. This district is within its rate case cycle.

**DISCUSSION**

The offset increase is due to increased rates from SCE authorized by Commission D.01-05-064. This increase resulted in a \$159,613 increase in purchased power expense to Duarte Service Area and \$200,574 increase in purchased power expense to San Marino Service Area with corresponding increase of \$1,248 for uncollectibles, for a

total increase of \$360,188. This increase is directly related to water consumption and should be applied to the quantity rate, which would be \$0.0584 per one hundred cubic feet (Ccf) to Duarte Service Area, and \$0.0373 per Ccf to San Marino Service Area.

This rate increase will not result in a return greater than that previously authorized

The bill for an average Duarte residential customer utilizing 20 Ccf of water per month would increase from \$31.82 to \$32.99, or \$1.17 or 3.67%. The bill for an average San Marino residential customer utilizing 27 Ccf of water per month would increase from \$35.00 to \$36.01, or \$1.01 or 2.88%.

### **NOTICE AND PROTESTS**

Notice of the proposed increase in rates was published in local papers of general circulation within the Duarte and San Marino Service Areas on June 4, 2001.

### **FINDINGS AND CONCLUSIONS**

THE COMMISSION FINDS, after investigation by the Water Advisory Branch, that the proposed offset increase in rates are justified, and the resulting rates are reasonable.

### **THEREFORE, IT IS ORDERED that:**

1. California-American Water Company is authorized to make effective revised Schedule No. LA-1, General Metered Service, attached to Advice Letter No. 553, and to cancel its presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the effective date of this Resolution.
2. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on October 25, 2001; the following Commissioners voting favorably thereon:

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WESLEY M. FRANKLIN  
Executive Director

